



FARM CREDIT EAST, ACA

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November 3, 2010

The Honorable Lisa P. Jackson  
U.S. Environmental Protection Agency  
Ariel Rios Building  
1200 Pennsylvania Avenue, N.W.  
Washington, DC 20460

Dear Administrator Jackson:

On behalf of Farm Credit East, I am writing to express our strong opposition to the draft Chesapeake Bay Total Maximum Daily Load (TMDL) allocations recently issued by the Environmental Protection Agency (EPA). The proposed reductions are unattainable and fail to recognize and properly account for the excellent efforts that New York farmers have already made in addressing water quality issues in the Chesapeake Bay watershed.

Farm Credit East is the largest lender to farmers in the Northeast with over \$4 billion in loans to 12,000 farmers, forest products businesses and related enterprises. As a farm owned, farmer governed cooperative, we understand the financial pressures that family farms in this region face everyday. Our family farm operations simply do not have the financial capacity to make further unnecessary changes on their farms to comply with what amounts to unfair, inequitable and unattainable requirements. Many dairy farms in this area incurred extensive financial losses in 2009 – it will take years for many of these farms to recover.

It is our understanding that farmers in up to 18 counties may be impacted by the draft TMDL allocations. New York farmers have already spent tens of millions of dollars to protect water quality through comprehensive planning and implementation of elements of the Agricultural Environmental Management program, administered by the State Soil and Water Conservation Committee, and by installing best management practices recommended by that program and USDA NRCS. In many cases farmers have incurred additional debt to finance environmental improvements on their farms. An EPA requirement for further actions will force more farmers out of business resulting in increased unemployment, reduced tax base and a significant further decline in economic activity in this region.

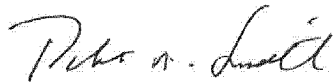
New York has already seen a dramatic decline in dairy farmers over the past 20 years as marketplace pressures and governmental regulatory requirements have reduced industry viability. New York farmers have practiced environmental stewardship and have made significant environmental achievements. The proposed EPA action on nutrient reductions will fall squarely on family farms that have already made significant advances. It is unreasonable to expect the New York State counties which have made steady, marked improvement since the 1980s to bare the brunt of the new TMDL requirements while other areas downstream have more reasonable allocations.

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We urge you to adopt the model refinements recommended by the New York State Department of Environmental Conservation in their Draft Phase I Watershed Implementation Plan. These model refinements reflect the environmental accomplishments that New York State farmers have already attained, and represent a more realistic and attainable objective for water quality improvement all stakeholders in the watershed seek to achieve.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert A. Smith". The signature is fluid and cursive, with the first name "Robert" being more prominent.

Robert A. Smith  
Senior Vice President, Public Affairs and Knowledge Exchange